

Message Text

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ACTION EUR-25

INFO OCT-01 ADP-00 AID-20 EB-11 NSC-10 RSC-01 CIEP-02

TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

L-03 H-03 PRS-01 PA-03 USIA-15 RSR-01 /160 W

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FM AMEMBASSY PARIS

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INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

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AMEMBASSY LONDON

AMEMBASSY ROME

C O N F I D E N T I A L PARIS 20691

E.O. 11652 N/A

TAGS: PLAB

SUBJECT: LABOR MINISTER CAUTIONS US ON POLITICAL RISKS OF RECESSION

1. LABOR MINISTER DISCUSSED WITH LABATT MODEST LEGISLATIVE PROGRAM HE HAS PLANNED, FOCUSING ON WORK CONDITIONS AND LABOR COURTS, REFERRED TO INFLATION AS SERIOUS PROBLEM AND CAUTIONED US ABOUT POLITICAL RISKS FOR FRANCE IF DOLLAR DEVALUATIONS AND INTERNATIONAL MONETARY SITUATION LED TO RECESSION. MINISTER'S STATEMENT COINCIDES WITH RECENT WARNINGS EXPRESSED BY LABOR LEADERS WHO ARGUE THAT A RECESSION IN FRANCE WILL BE SEEN AS FAILURE OF MARKET ECONOMY AND AS SIGNAL TO RENEW LABOR UNREST.

2. LABOR MINISTER GORSE INVITED LABOR ATTACHE TO HIS OFFICE 25 JULY. AMENITIES EXCHANGED INCLUDED SOME REMINISCING OF "FASCINATING" DAYS OF IMMEDIATELY POST-INDEPENDANCE ALGERIA WHEN LABATT FIRST MET GORSE, THEN FRENCH AMBASSADOR IN ALGIERS.

3. RESPONDING TO QUESTIONS GORSE OUTLINED MODEST PROGRAM
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FOR LEGISLATIVE ACTION NEXT FALL FOCUSING PRIMARILY ON BILLS

CONCERNING WORK CONDITIONS AND REFORM OF LABOR COURT SYSTEM
(CONSEILS DES PRUD'HOMMES) TO SIMPLIFY AND ACCELERATE ADJUDICATION
OF WORKERS' CLAIMS.

4. REGARDING WORK CONDITIONS HE EMPHASIZED NEED FOR EXTENSIVE
EXPERIMENTATION AT PLANT LEVEL BEFORE REACHING ANY CONCLUSIONS
ABOUT APPROPRIATE STRUCTURAL CHANGES OF WORK ROUTINE. ACCORDINGLY,
HE FELT THAT THE LEGISLATOR SHOULD LIMIT HIMSELF TO PROVIDING AN
IMPETUS FOR SUCH EXPERIMENTATION AND A FRAMEWORK FOR COORDINATING
THE EXCHANGE OF INFO AND RESEARCH BETWEEN PLANTS. HE ADDED THAT
THE LAW AS PRESENTLY DRAFTED WILL STRENGTHEN THE AUTHORITY OF
WORK COUNCILS (COMITES D'ENTREPRISE) ON MATTERS OF SAFETY AND
HYGIENE FOR WHICH ADEQUATE STANDARDS ARE ALREADY PRESCRIBED IN
EXISTING LAWS. DRAFT LAW WILL ESTABLISH A NATIONAL AGENCY ON
WORK CONDITIONS ("SIMILAR TO KENNEDY BILL UNDER REVIEW BY
CONGRESS", SAID GORSE), WHOSE PURPOSE WOULD BE TO STIMULATE
RESEARCH.

5. THE MINISTER COMMENTED ON THE RELATIVELY QUIET LABOR SCENE
THAT PREVAILED IN THE SPRING DESPITE PREDICTIONS OF A "HOT SPRING"
BY SOME LABOR LEADERS. HE CONCEDED THAT INFLATION REMAINS A
SERIOUS THREAT TO LABOR-MANAGEMENT RELATIONS AND SOCIAL
CLIMATE IN GENERAL.

6. THIS BROUGHT GROSE TO INTERNATIONAL MONETARY SITUATION AND
REPETITION OF ADVICE THE EMBASSY HAS BEEN RECEIVING FROM EVERY
GOF QUARTER REGARDING US OBLIGATION TO DEFEND THE DOLLAR
AGAINST FURTHER DECLINE. THEN HE PROCEEDED TO STRESS POLITICAL
DIMENSION OF PROBLEM POSED BY UNCERTAINTY OF MONETARY SITUATION.
IN HIS OPINION EVEN A SLIGHT RECESSION IN FRANCE CAN UPSET
THE EXISTING POLITICAL BALANCE BY CASTING THE COMMUNIST-SOCIALIST
ALAINCE IN THE ROLE OF AN IRRESTIBLE ALTERNATIVE. HE CAUTIONED THAT
IT WOULD BE A SERIOUS ERROR TO UNDERESTIMATE THE POLITICAL
CONSEQUENCES OF A SUDDEN DOWNTURN IN THE ECONOMY TRACEABLE TO
EXCESSIVE DEPRECIATION OF THE DOLLAR AND OVERALL DISRUPTION OF
INTERNATIONAL MONETARY SYSTEM. MUCH OF THE RANK AND FILE
RESTRAINT SHOWN LAST FEW MONTHS, GORSE SAID, IS DUE TO FEAR LEST
ANY RASH ACTION BECOME THE STRAW TO BREAK THE LIMPING
INTERNATIONAL CAMEL'S BACK. THEREFORE, THE SLIGHTEST EVIDENCE
THAT SUCH RESTRAINT IS NO LONGER WARRANTED CAN UNLEASH A
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SCRAMBLING FOR RADICAL CHANGE WHICH MAY GO WELL BEYOND THE 1968
EVENTS.

7. GORSE WENT ON TO SPEAK WARMLY ABOUT THE US. HE
MENTIONED THAT HE BEGAN TO VISIT THE US IN 1945 WHEN HE ATTENDED
THE SAN FRANCISCO CONFERENCE ON THE UNITED NATIONS AND HE
REGRETTED THAT FOR LAST 5 YEARS HE HAS NOT HAD AN OPPORTUNITY TO
RETURN. HE THOUGHT THAT NO ONE WITH SOME DEGREE OF POLITICAL

RESPONSIBILITY IN WESTERN EUROPE CAN AFFORD TO STAY AWAY FROM THE US FOR LONG PERIODS OF TIME AND DEPRIVE HIMSELF OF THE SIGHT OF A "GREAT, FREE SOCIETY", UNAFRAID TO QUESTION EVEN ITS MOST FUNDAMENTAL BELIEFS.

8. GORSE'S COMMENT ABOUT THE POLITICAL IMPLICATIONS OF AN ECONOMIC RECESSION IN FRANCE COINCIDES WITH SIMILAR WARNINGS EXPRESSED LAST FEW WEEKS BY SOME OF THE MORE FRIENDLY TO THE US LABOR LEADERS. THEY ALL BASE THEIR APPREHENSION ON THE TRADITIONAL PREMISE THAT ECONOMIC DOWNTURNS AND UNEMPLOYMENT ARE NOT REGARDED IN FRANCE IN THE SAME MANNER AS IN THE US, I.E. AS TEMPORARY ADJUSTMENTS OF AN ECONOMICS SYSTEM WHICH HAS PROVED ITSELF BOTH ECONOMICALLY AND POLITICALLY BUT RATHER AS CONFIRMATION OF BASIC WEAKNESS IN THE MARKET ECONOMY AND THUS AS A SIGNAL TO RENEW LABOR UNREST IN THE PURSUIT OF RADICAL SOCIAL CHANGES.

GDS
IRWIN

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